

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 FEAE-00 SS-15 NSCE-00 ACDA-07
ERDA-05 NRC-05 PA-01 PRS-01 USIA-06 CIAE-00
INR-07 NSAE-00 SP-02 DODE-00 EURE-00 /070 W
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P 191527Z SEP 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 1528

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DEPT PASS ENERGY SECRETARY SCHLESINGER: EB/LARRY RAICHT;
EUR/RPE KAY STOCKER

E.O. 11652: N/A
TAGS: ENRG, OVIP (SCHLESINGER, JAMES)
SUBJECT: SECRETARY SCHLESINGER'S VISIT TO THE FRG,
OCTOBER 6 AND 7

REF: BONN 14027

1. SECRETARY SCHLESINGER'S VISIT TO THE FRG COMES AT
A MOST OPPORTUNE TIME AND IS AWAITED WITH KEEN
ANTICIPATION HERE. ENERGY IS A SUBJECT OF INTENSE
INTEREST TO GERMAN POLITICAL LEADERS, OFFICIALS, AND TO
A BROAD SEGMENT OF THE GERMAN POPULATION AS WELL. ONE
ISSUE - WHETHER CONSTRUCTION OF NUCLEAR POWER
PLANTS WILL GRIND TO A HALT FOR AN EXTENDED PERIOD OF
TIME - HAS BECOME A POLITICAL HOT POTATO WHICH IS
PROVING INCREASINGLY EMBARRASSING TO THE COALITION, IS
ALSO DAMAGING INTRA-PARTY UNITY, AND THREATENS TO
FURTHER ALIENATE AN ALREADY DIVIDED GENERAL PUBLIC.
CURRENT JUDICIAL AND ADMINISTRATIVE DELAYS TO CON-
STRUCTION OF NUCLEAR AS WELL AS CONVENTIONAL POWER
PLANTS NOW ADD TO UNEMPLOYMENT IN AN ALREADY DEPRESSED
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BUILDING INDUSTRY AND IN FUTURE POSE A SERIOUS THREAT
TO LONG-TERM GOALS FOR ECONOMIC GROWTH. OVER AND ABOVE
DOMESTIC PROBLEMS THE GERMANS RECOGNIZE THE IMPORTANCE
OF THE U.S. IN THE WORLD ENERGY EQUATION AND WEL-
COME THE SECRETARY'S VISIT TO LEARN MORE OF U.S.
THINKING AND PLANS.

2. IN ADDITION TO JUST A DISCUSSION OF ENERGY MATTERS, HOWEVER, WE UNDERSTAND BOTH THE CHANCELLOR AND FOREIGN MINISTER GENSCHER ARE ANXIOUS TO DISCUSS BROADER QUESTIONS OF POLITICAL, ECONOMIC, AND STRATEGIC IMPORTANCE. SECRETARY SCHLESINGER IS A FAMILIAR FIGURE IN GERMANY AND HIS EXTENSIVE BACKGROUND AND ACHIEVEMENTS IN MANY FIELDS ARE WIDELY KNOWN AND ADMIRERD. HIS COMMENTS ON WIDE RANGING ISSUES TRANSCENDING ENERGY MATTERS WILL BE APPRECIATED. THE SECRETARY'S PROGRAM OF A SPEECH TO A TOP-NOTCH GROUP FROM THE CDU PLUS VISITS TO THE CHANCELLOR AND KEY MINISTERS SHOULD PROVIDE AN EXCELLENT SETTING FOR THE GERMANS TO RAISE THEIR CONCERNS AND FOR THE SECRETARY TO ELUCIDATE U.S. ENERGY PROGRAMS AND THINKING.

3. WE SUGGESTED TO THE CHANCELLOR'S OFFICE AND THE MINISTRIES THAT THE PROGRESS OF PRESIDENT CARTER'S ENERGY PROGRAM, WORLD ENERGY OUTLOOK, AND ORGANIZING THE U.S. DEPARTMENT OF ENERGY WOULD BE PROBABLE SUBJECTS FOR DISCUSSION. WE EMPHASIZED, HOWEVER, THAT THIS LIST OF TOPICS WAS NOT EXCLUSIVE AND THAT THE SECRETARY WOULD BE GLAD TO DISCUSS BROADER ISSUES OF ECONOMIC, POLITICAL, AND STRATEGIC POLICY AS WELL. ALL MINISTRIES AND THE CHANCELLOR'S OFFICE WERE RECEPTIVE TO THIS SUGGESTION.

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4. ON THE BASIS OF OUR CONVERSATIONS WE SOUGHT TO CLARIFY FURTHER TOPICS OF INTEREST TO INDIVIDUAL MINISTRIES. WE LEARNED FROM THE MINISTRY OF RESEARCH AND TECHNOLOGY, WHICH HAS PRIMARY RESPONSIBILITY FOR MONITORING AND DEVELOPING ENERGY TECHNOLOGY AND WHICH MAINTAINS CLOSE CONTACT WITH ERDA, THAT TWO TOPICS OF SPECIAL INTEREST TO THEM INCLUDE: US-GERMAN BILATERAL COOPERATION IN THE ENERGY FIELD AND THE IMPACT OF CURRENT DEVELOPMENTS AND TECHNIQUES ON NEAR AND LONG TERM ENERGY SUPPLY. MINISTER HANS MATTHOEFER, WHO IS NOT A TRAINED PHYSICAL SCIENTIST, IS AN ECONOMIST HAVING AN EXCELLENT GRASP OF ENERGY PROBLEMS. HE IS CONSIDERED A LEADING PROPONENT OF EXPANSION OF NUCLEAR ENERGY CAPABILITY IN THE FRG. HOWEVER, RECENT STATEMENTS BY MATTHOEFER INDICATING THAT THE GOVERNMENT MIGHT HAVE TO POSTPONE CONSTRUCTION OF NUCLEAR PLANTS, IF UPCOMING SPD AND FDP POLITICAL PARTY MEETINGS VOTED FOR DELAYS, HAVE PLACED HIM IN THE MIDDLE OF A POLITICAL CROSSFIRE BETWEEN THE CDU (WHICH URGES RAPID FORWARD MOVEMENT) AND LEFTISTS AND ENVIRONMENTALISTS

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IN HIS OWN PARTY (WHO ADVOCATE A MORATORIUM). THE CDU
HAS EVEN CALLED FOR HIS OUSTER, AND MATTHOEFER'S
POLITICAL STANDING APPEARS WEAKENED.

5. VICE CHANCELLOR/FOREIGN MINISTER GENSCHER IS NEITHER
AN ECONOMIST NOR FAMILIAR WITH THE DETAILS OF ENERGY
POLICY; HIS INTERESTS LIE IN THE POLITICAL, INTER-
NATIONAL RELATIONS AND SECURITY FIELDS. HE HAS LATELY
BEEN CONCERNED WITH SUCH MATTERS AS INTERNATIONAL
COOPERATION ON NON-PROLIFERATION, THE NEUTRON BOMB,
NATO SECURITY PROBLEMS, AND SOUTHERN AFRICAN MATTERS.
WE BELIEVE GENSCHER WILL BE MOST INTERESTED IN DIS-
CUSSING VERY BROAD SORTS OF POLITICAL AND SECURITY
PROBLEMS.

6. HANS FRIDERICHs LAST WEEK ANNOUNCED HIS RESIGNA-
TION AS MINISTER OF ECONOMICS AND DEPUTY CHAIRMAN OF
THE FDP. HE WILL BECOME CHAIRMAN OF THE BOARD OF
DRESDNER BANK SUCCEEDING JUERGEN PONTO, WHO WAS
RECENTLY ASSASSINATED BY TERRORISTS. IT IS NOT KNOWN
EXACTLY WHEN FRIDERICHs WILL LEAVE THE MINISTRY, BUT
HIS SUCCESSOR IS SLATED TO BE OTTO COUNT LAMBSDORFF.
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ONE OR THE OTHER OR BOTH MAY PARTICIPATE IN THE MEETING WITH THE SECRETARY.

7. BOTH FRIDERICH'S AND LAMBSDORFF ARE WELL KNOWN ECONOMIC CONSERVATIVES, WHO ARE PHILOSOPHICALLY IDENTIFIED WITH FREE TRADE AND FREE MARKETS, SO THAT NO MAJOR CHANGES IN ECONOMIC PHILOSOPHY ARE EXPECTED IN THE ECONOMICS MINISTRY. ONE SIGNIFICANT CHANGE, HOWEVER, WILL BE LAMBSDORFF'S EXCELLENT ENGLISH AND HIS WIDE CIRCLE OF INTERNATIONAL CONTACTS ESPECIALLY IN THE U.S. THE MINISTRY ITSELF IS ONE OF THE MOST INFLUENTIAL OF ALL THE GERMAN MINISTRIES, AND HAS PRIMARY RESPONSIBILITY FOR MOST ASPECTS OF ECONOMIC POLICY, INCLUDING ENERGY POLICY. THE MINISTER OF ECONOMICS IS THE CLOSEST GERMAN COUNTERPART TO THE SECRETARY OF ENERGY.

8. WE UNDERSTAND THE ECONOMICS MINISTRY WOULD LIKE TO BRIEF THE SECRETARY ON THE MAIN ELEMENTS OF FRG ENERGY POLICY AND IS ALSO MOST INTERESTED IN HEARING ABOUT THE EVOLUTION OF U.S. ENERGY POLICY, PARTICULARLY THE EFFECTIVENESS OF OUR ENERGY CONSERVATION PROGRAM. ANOTHER PROBLEM OF INTEREST TO THE ECONOMICS MINISTRY IS THE CONCERN ABOUT GROWING U.S. PETROLEUM IMPORTS AND THEIR EFFECT ON WORLD MARKETS.

9. MINISTER OF DEFENSE LEBER HAS REQUESTED TO SEE THE SECRETARY AND A VISIT IS SCHEDULED FOR 5:00 P.M. MINISTER LEBER HAS INDICATED HE HAS NO PARTICULAR TOPICS HE WOULD LIKE TO DISCUSS AND SIMPLY WISHES TO RENEW HIS LONG STANDING ACQUAINTANCE WITH SECRETARY SCHLESINGER. HE ALSO INFORMED US THAT HE WOULD LIKE TO INVITE THE SECRETARY TO DINNER THAT EVENING, BUT WE LIMITED OFFICIAL USE

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INDICATED THE SECRETARY WOULD BE FLYING ON TO BRUSSELS FRIDAY EVENING AND THAT A DINNER WAS NOT POSSIBLE. (WE NOTE THAT OCTOBER 7 IS MINISTER LEBER'S BIRTHDAY.)

10. WE BELIEVE CHANCELLOR HELMUT SCHMIDT, LIKE MINISTER GENSCHER, IS MOST INTERESTED IN DISCUSSION OF BROAD POLICY QUESTIONS INCLUDING ENERGY, ECONOMICS, SECURITY AND POSSIBLY TERRORISM. INCIDENTALLY, THE CHANCELLOR'S OFFICE WAS MOST INTRIGUED WITH THE SUBJECT OF THE SECRETARY'S SPEECH IN FRANKFURT - ENERGY AND POLITICAL STABILITY. ASIDE FROM THE SUBJECT OF TERRORISM AND THE SCHLEYER KIDNAPPING, WHICH IS OCCUPYING A GREAT DEAL OF THE GOVERNMENT'S TIME JUST NOW, WE UNDERSTAND THE TOPIC OF GREAT PERSONAL INTEREST

TO THE CHANCELLOR IS THE CURRENT INTERNATIONAL ECONOMIC
SITUATION AND HOW COUNTRIES ARE TO DEAL WITH ECONOMIC
RECESSION.

11. WE ARE SENDING BY SEPTTEL AS COMPLETE AN OUTLINE
OF THE SECRETARY'S SCHEDULE AS WE HAVE TO DATE.
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